BEFORE THE

[redacted]

revenue in 1992 alone. 1/ Given the constantly expanding menu of cable services, the amount of lost revenue will spiral upwards unless system operators are free to employ proven methods of security. In a rate regulated environment, security is critical to maintaining the health of the cable industry. 2/

Several security technologies, including scrambling, trapping and interdiction, can now be deployed by cable operators. Others, such as broadband descrambling, are in various stages of development. In Prime's view, addressable scrambling clearly provides the best and most reliable protection available today. Coupled with addressability, scrambling is the only proven means of effectively limiting access to programming without imposing undue costs and burdens on subscribers and operators. Furthermore, scrambling technology can be deployed in a number of ways, giving cable operators the ability to choose equipment and modes of delivery that best suit their needs. Nevertheless, because electronics manufacturers have failed to adapt their products to conform with advanced modes of cable delivery, the Electronics Industry

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1/ See National Cable Television Association, "1992 Theft of Service Survey Results" (December 1992).

2/ In the 1992 Cable Act, Congress responded to rampant cable piracy by making signal theft a felony rather than a misdemeanor and significantly increasing the associated fine

Association (EIA) and its members propose that scrambling be curtailed or phased out altogether. 3/

Limiting or eliminating the use of scrambling would seriously jeopardize the cable business. Cable operators do not sell tangible goods; they sell services. A system's success versus its competitors is a function of the level of service that the operator is able to sell. As a result, cable companies must be able to select the most effective means to protect their programming. Were it to restrict the use of scrambling, the Commission would make an operator's most valuable property -- its programming -- much more susceptible to theft.

The fact is that addressable scrambling represents the only present technology that realistically allows cable companies to protect their signals and simultaneously provide a broad range of programming services. The Cable Act states that compatibility should be pursued consistent with the need to maintain system security. It does not require cable operators to alter the way signals are delivered to placate electronics manufacturers unwilling to adapt their products.

Prime recognizes that the embedded base of TVs and VCRs is largely incompatible with scrambling technology. But electronics manufacturers, rather than design products to accommodate modern modes of signal delivery, would have cable operators convert their plants entirely to "clear channel"

technologies such as interdiction, trapping or broadband descrambling. 4/ They contend that these systems would provide improved or equal security without disabling the advanced features of consumer equipment. 5/ However, none of the "clear channel" technologies offers an adequate solution to the security end of the equation. The cable industry simply cannot rely on unproven technologies to secure its product.

Prime also urges the Commission to reject proposals to establish a universal scrambling standard. 6/ Establishing a uniform standard would invite cable pirates to defeat the

integrity of the signals while assuring subscribers the ability to purchase tailored programming packages. 7/ Furthermore, to the extent that another technology emerges that provides the

control or the ability to receive cable signals at all. 11/ These older sets are capable of receiving cable programming only when a cable converter is attached. Thus, cable boxes allow for the use of advanced features where they otherwise would be unavailable. 12/

On the other hand, electronics equipment now marketed as "cable-ready" often is not; technical deficiencies often require attachment of cable converters notwithstanding that the TV or VCR can receive cable signals. To ensure true compatibility, the Commission should amend the definition of "cable-ready" so as to require that electronics equipment have the following features and capabilities:

- CablePort/Set Back Decoder: As noted in numerous comments, the use of a Decoder Interface Connector, or CablePort, on the back of a TV or VCR would ensure both the best security and the highest degree of compatibility between consumer electronics and a scrambled cable system. 13/ By equipping TVs and VCRs with a CablePort based on the updated EIA-563.x standard, the descrambler could be placed on the back of the set to permit descrambling after the signal passes

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11/ See Comments of EIA at 22.

12/ The problem in most cases is not that cable systems interfere with TV or VCR features, but that consumers do not understand how to operate their own equipment. Up to 25% of Prime's service calls are to instruct subscribers on how to operate their electronic equipment.

13/ See, e.g., Comments of NCTA at 23-24; Comments of Cablevision Industries Corporation at 8-9.

through the TV or VCR. Consumers would then be able to connect their sets directly to the cable system and retain full use of all features (including remote control). Unlike the security systems advocated by the electronics industry, the CablePort solution is both compatible with existing technology and capable of being introduced immediately at a relatively low cost. 14/

- Enhanced Tuning: Television sets and VCRs, to be marketed as "cable-ready", must be able to tune all channels offered by a cable system without any material degradation. The fact that equipment can tune a limited number of cable channels is insufficient. If a television set can tune 50 channels, but the cable system offers 75 channels, a set-top converter would still be needed. Manufacturers should be directed to attach or include an instruction label that specifically states the tuning capacity of the equipment. Sets should also be fitted with modular tuners to facilitate upgrading as technology progresses. 15/

14/ Electronics manufacturers argue that CablePort should be avoided because products with such interfaces would be outdated by the time they reach the market. See Comments of Mitsubishi Electronics America, Inc. at 8; Comments of EIA at 33-34. However, tens of millions of TVs and VCRs are sold in the United States each year. Most homes could therefore be expected to have a set equipped with CablePort within two to three years.

15/ EIA believes that the onset of the 500 channel cable marketplace should relieve electronics manufactures of the need to produce equipment capable of receiving all channels. See Comments of EIA at 16. But even EIA admits that "[c]onsumer electronics manufacturers are fully capable of building new products that adapt to changed circumstances." Id. Although EIA would assume this responsibility "only if there is a

[Footnote continued]

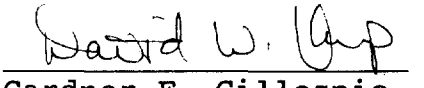
TV and VCR tuners should be improved in other ways as well. The Commission should mandate that sets equipped with 563.x CablePort also contain advanced IR pass-through and tuner control for mapping information so that equipment can convey all necessary remote control information to and from the set back descrambler. In addition, tuners should have enhanced shielding capacity to eliminate signal ingress from over-the-air broadcast stations. Without improved shielding, consumers cannot be

III. Conclusion

Cable companies have invested enormous amounts of capital and energy to develop the cable television industry and a wide array of program services. Congress has recognized that cable operators must be able to protect these services in the most technologically effective manner. Today, that means addressable scrambling. To the extent that addressable scrambling impedes the use of consumer electronics equipment, it is because manufacturers have failed to conform their products to updated modes of signal delivery. The Commission should therefore require electronics manufacturers to produce equipment having the CablePort and improved tuning capabilities. In this way, the Commission would promote the public interest in equipment compatibility and signal security.

Respectfully submitted,

PRIME CABLE

By: 

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April 21, 1993

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